

## Message Text

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PAGE 01 JAKART 00406 100901Z  
ACTION EA-09

INFO OCT-01 ISO-00 SS-15 SSO-00 INR-07 INRE-00 SP-02 EB-07  
OES-06 L-03 /050 W  
-----100907Z 120984 /15

O 100715Z 77  
FM AMEMBASSY JAKARTA  
TO SECSTATE WASHDC IMMEDIATE 8624

C O N F I D E N T I A L JAKARTA 0406

STADIS////////////////////////////////////

E.O. 11652: GDS  
TAGS: ENRG, ID  
SUBJECT: MEETINGS BETWEEN PRESIDENT SUHARTO AND US OIL COMPANY  
EXECUTIVES

1. EMBASSY HAS LEARNED THAT GOI INTENDS ISSUE INVITATIONS TO  
CHIEF EXECUTIVES OF MAJOR US OIL COMPANIES OPERATING IN  
INDONESIA FOR PURPOSE OF VISITING JAKARTA AND HOLDING IN-  
FORMAL, INDIVIDUAL MEETINGS WITH PRESIDENT SUHARTO. KEY  
BACKER BEHIND IDEA IS ALI MURTOPO WHO APPEARS HAVE FULL SUP-  
PORT OF PRESIDENT SUHARTO. DATE SET FOR MEETINGS IS JANUARY  
REPEAT JANUARY 15. FORMAL INVITATIONS BEING ISSUED ON  
MONDAY JANUARY 10. JAKARHA REPRESENTATIVES MOST US COMPANIES HAVE  
ALREADY BEEN CONTACTED AND ORALLY INFORMED OF  
INVITATION.

2. WE UNDERSTAND INVITATIONS WILL BE ISSUED IN NAME OF  
MURTOPO'S CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES (CSIS).  
ONE DAY PROGRAM TENTATIVELY CALLS FOR BRIEFINGS MORNING OF  
JANUARY 15 AT CSIS FOLLOWED BY LUNCHEON AT PALACE HOSTED BY  
SUHARTO. EMPHASIS IS TO BE ON INFORMALITY AND EACH CHIEF  
EXECUTIVE OR SENIOR COMPANY REP IS TO BE GIVEN OPPOR-  
TUNITY TO MEET INDIVIDUALLY FOR BRIEF CONVERSATION WITH  
SUHARTO. OTHER GOI OFFICIALS SLATED TO ATTEND BRIEFING  
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AND LUNCHEON ARE MINES MIN SADLI, OIL AND GAS DIRECTOR  
WIJARSO, AND PERTAMINA PRESIDENT HARYONO. ECONOMIC  
DEVELOPMENT MINISTER WIDJOJO IS MENTIONED AS "HOPEFUL"  
ATTENDEE.

3. ACCORDING TO OUR INDUSTRY SOURCES, CHIEF OBJECTIVE

OF MEETINGS IS TO ALLOW REPRESENTATIVES OF US COMPANIES CHANCE FOR "HEART TO HEART" TALK WITH PRESIDENT SUHARTO ABOUT PROBLEMS THEY PERCEIVE WITH INDONESIA'S INVESTMENT CLIMATE IN GENERAL AND OIL SECTOR IN PARTICULAR. IDEA CAME ABOUT AS RESULT OF ALI MURTOPO'S MEETING WITH BUSINESSMEN DURING COURSE OF RECENT CSIS-SPONSORED TRIP TO EUROPEAN CAPITALS. WIJARSO AND TIRTO UTOMO, WHO WERE PRESENT ON SAME VISIT, ALSO PLANTED IDEA WITH MURTOPO WHO PASSED IT ON TO SUHARTO. PRESIDENT, WHO WAS EAGER TO "DO SOMETHING" ABOUT NEGATIVE INVESTMENT CLIMATE, INSTRUCTED MURTOPO TO SET UP MEETINGS. ALTHOUGH EMBASSY HAD BEEN HEARING RUMORS OF SUCH MEETINGS AND HAS QUIETLY ENDORSED IDEA OF IMPROVED COMMUNICATION WITH COMPANIES, TIMING COMES AS SURPRISE TO US AND OIL COMPANIES.

4. BACKERS OF IDEA AWARE OF SHORT NOTICE PLUS TIMING PROBLEMS RELATED TO US INAUGURATION BUT THEY FEEL INITIATIVE MUST BE TAKEN NOW BEFORE INDONESIAN ELECTION DRAWS NEAR AND PRESIDENT'S ENTHUSIASM DIMINISHES. CONTACTS WITH COMPANIES REVEALS VARYING DEGREES OF ENTHUSIASM ABOUT IDEA. THEY HAVE DOUBTS ABOUT WHETHER SENIOR EXECUTIVES CAN REARRANGE THEIR CALENDARS ON SUCH SHORT NOTICE AND FEAR THAT TIME FOR INDIVIDUAL MEETINGS WITH PRESIDENT WILL BE TOO SHORT. NEVERTHELESS, THEY ARE TELEXING HOME OFFICES; MOST APPEAR TO BE RECOMMENDING IN FAVOR OF MEETINGS. AT THIS POINT WE HAVE NO INDICATION WHICH COMPANY EXECUTIVES MIGHT ACCEPT. COMPANIES CONTACTED THUS FAR INCLUDE MOBIL, ARCO, GULF, CITIES SERVICE, CALTEX (SOCAL AND TEXACO), ROY M. HUFFINGTON, UNION, PETROMER TREND, CONOCO, IAPCO  
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(NATOMAS), STANVAC, SUN AND TESORO.

5. SUBSEQUENT TO TYPING OF ABOVE, PETOFF RECEIVED SUMMONS FROM PERTAMINA PRESIDENT HARYONO FOR FURTHER DISCUSSION ON THIS SUBJECT. HARYONO EXPLAINED THAT HE HIMSELF HAS ONLY JUST BEEN BROUGHT INTO THE PICTURE BY GEN. MURTOPO AND PALACE; HE ACKNOWLEDGED SUDDENNESS OF WHOLE SITUATION BY NOTING THAT "SOMETIMES WE DO THING IN A FUNNY WAY." HE FELT IT IMPORTANT, HOWEVER, THAT COMPANIES "MAKE THE BEST OF IT" IN LIGHT OF PRESIDENTIAL INTEREST. HE SAID HE WAS PASSING THIS MESSAGE ON TO COMPANIES ALSO.

6. GENERAL HARYONO SAID HE FELT FOUR MAIN ITEMS SHOULD BE DISCUSSED IN INDIVIDUAL SESSIONS BETWEEN PRESIDENT AND COMPANY EXECUTIVES: 1) COMPANY PERCEPTIONS OF INDONESIA'S INVESTMENT CLIMATE, 2) COMPANY SUGGESTIONS ON HOW OIL EXPLORATION ACTIVITIES COULD BE RESUMED, 3) COMPANIES' VIEWS ON HOW COOPERATION WITH PERTAMINA COULD BE IMPROVED, 4) GAS

POLICY--HERE GEN. HARYONO SAID COMPANIES SHOULD STATE IDEAS ON WAYS IN WHICH GOI SHOULD EXPLOIT ITS GAS RESOURCES; I.E. DOMESTIC CONSUMPTION OR EXPORT AND OFFER SUGGESTIONS ON REALISTIC PRICING LEVEL. LATTER IS IDEA APPARENTLY OFFERED BY LOCAL MOBIL OFFICE. HARYONO SUGGESTED STRONGLY THAT COMPANIES ALSO PREPARE SHORT AIDE MEMOIRE ON ITEMS DISCUSSED WHICH COULD BE LEFT WITH PRESIDENT SUHARTO FOR FURTHER STUDY.

7. HARYONO INJECTED NEW ANGLE ON MOTIVES FOR MEETINGS BY NOTING HE HAD IMPRESSION THAT PRESIDENT WOULD USE MEETINGS TO SOUND OUT EXECUTIVES ABOUT THEIR IMPRESSIONS OF NEW CARTER ADMINISTRATION, PARTICULARLY ITS VIEWS ON ENERGY. IT IS BECAUSE OF THIS LATTER FACT THAT APPARENTLY ONLY U.S. COMPANIES ARE BEING INVITED TO MEET WITH SUHARTO.

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\*\*\* Current Handling Restrictions \*\*\* STADIS

\*\*\* Current Classification \*\*\* CONFIDENTIAL

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